



November 19, 2004

Beth O'Donnell, Executive Director
Commonwealth of Kentucky
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

RECEIVED

NOV 22 2004

**PUBLIC SERVICE
COMMISSION**

Re: Case No. 99-225, Citipower L.L.C. Quarterly Financial Statements

Dear Ms. O'Donnell:

Please accept the enclosed Citipower, L.L.C. Quarterly Financial Statements (comparative balance sheets and detailed income statements) for the Third Quarter of 2004. These Quarterly Financial Statements are being provided per the Staff Recommendations included in the Staff Report on Citipower, LLC, Case No. 99-225.

Sincerely,

David J. Hutchinson

11:10 AM
11/19/04
Accrual Basis

Citipower, L. L. C.
Profit & Loss
July through September 2004

	Jul - Sep 04
Ordinary Income/Expense	
Income	
400 · Operating Revenues	
480 · Sales of Gas	
480.1 · Residential Sales	8,366.92
481.1 · Commercial Sales	13,207.89
481.2 · Industrial Sales	291.30
482.1 · Public Sales	95,243.57
Total 480 · Sales of Gas	117,109.68
Total 400 · Operating Revenues	117,109.68
414 · Other Operating Income	
488.1 · Misc Service Revenues	148.29
488.2 · Late Charges Collected	1,549.23
488.3 · Hook up fees collected	1,100.00
489.2 · Other Gas Rev. -Transportation	9,000.00
Total 414 · Other Operating Income	11,797.52
Total Income	128,907.20
Gross Profit	128,907.20
Expense	
401 · Operation Expense	
80X · Gas Supply Expense	
801 · Natural Gas Field Purchases	57,736.58
Total 80X · Gas Supply Expense	57,736.58
85X · Transmission Expenses	
853 · Trans. Compressor Labor & Exp.	0.00
855 · Trans. Compressor Fuel & Power	
855.3 · Compressor Electricity	48.15
855.4 · Compressor Telephone	110.20
855 · Trans. Compressor Fuel & Power - O...	379.04
Total 855 · Trans. Compressor Fuel & Power	537.39
856 · Trans. Mains Operating Costs	300.00
860 · Trans. Compressor Rent	9,309.00
864 · Trans. Compressor Maintenance	758.08
Total 85X · Transmission Expenses	10,904.47
87X · Distribution Expenses	
872 · Dist. Compressor Labor & Exp	2,300.00
875 · Measuring & Reg. Station Exp.	
875.5 · Electricity - Prison Meter	14.62
875.6 · Telephone - Prison Mtr	35.94
Total 875 · Measuring & Reg. Station Exp.	50.56
878 · Meter & House Regulator Expense	
878.2 · Fittings & Els, etc.	32.94
878.5 · Equipment Rental	311.32
878.8 · Materials & Supplies	931.80
Total 878 · Meter & House Regulator Expense	1,276.06
881 · Rents - Distribution Expenses	
881.1 · Rent - Schenck Compressor	3,600.00
881.4 · Rent - Shop & Storage	1,695.00

11:10 AM
11/19/04
Accrual Basis

Citipower, L. L. C.
Profit & Loss
July through September 2004

	<u>Jul - Sep 04</u>
Total 881 · Rents - Distribution Expenses	5,295.00
894 · Maintenance of Equipment	
894.2 · Ditchwitch Maintenance	4.55
Total 894 · Maintenance of Equipment	4.55
Total 87X · Distribution Expenses	8,926.17
90X · Customer Accounts Expenses	
904 · Uncollectible Accounts	2,025.00
Total 90X · Customer Accounts Expenses	2,025.00
92X · Admin. and General Expenses	
920 · Admin & General Salaries (920)	
920.2 · Mgt. Consulting Expense	8,699.31
920.4 · Management fees	15,000.00
Total 920 · Admin & General Salaries (920)	23,699.31
921 · Office Supplies/Expense	
921.10 · Postage/FedEx (G&A)	636.54
921.11 · Meals/Entertainment	461.00
921.12 · Travel	262.50
921.2 · Bank Svce Chgs (G&A)	42.17
921.29 · Uniforms	539.76
921.4 · Office Cleaning	420.00
921.5 · Telephone	2,512.91
921.6 · Computer Expense	444.87
921.7 · Utilities (G&A)	814.21
921.8 · Office Supplies & Expenses	185.08
Total 921 · Office Supplies/Expense	6,319.04
923 · Outside Services	
923.1 · Engineering Services	564.00
923.2 · Accounting Fees	5,376.24
923.3 · Contract Labor - Office	413.00
923.5 · Other-Labor	58.32
923.6 · Legal & Professional Fees	10,500.00
Total 923 · Outside Services	16,911.56
925 · Injuries & Damages	
925.5 · Employee Drug Testing Service	135.00
Total 925 · Injuries & Damages	135.00
926 · Employee Pension/Benefit (926)	
926.1 · Insurance - Life	103.53
926.4 · Insurance - Medical	2,125.85
926.9 · Flower Fund	42.40
Total 926 · Employee Pension/Benefit (926)	2,271.78
930.1 · General Advertising Expenses	227.50
930.2 · Misc. General Expenses	
930.2.5 · Misc General Exp	1.99
Total 930.2 · Misc. General Expenses	1.99
931 · Rents (SG&A)	
931.1 · Rent - copier	1,298.81
Total 931 · Rents (SG&A)	1,298.81

11:10 AM
11/19/04
Accrual Basis

Citipower, L. L. C.
Profit & Loss
July through September 2004

	Jul - Sep 04
932 · Maintenance of General Plant	
932.5 · Computer Repair & Maint	472.60
932.6 · Termite Control - Office	587.91
Total 932 · Maintenance of General Plant	<u>1,060.51</u>
Total 92X · Admin. and General Expenses	<u>51,925.50</u>
Total 401 · Operation Expense	131,517.72
403 · Depreciation Expense	
403.1 · Depreciation Expense	55,500.00
403 · Depreciation Expense - Other	0.00
Total 403 · Depreciation Expense	<u>55,500.00</u>
408.1 · Taxes Other Than Income Taxes	
408.1.1 · Payroll Taxes	1,695.55
408.1.2 · PSC Assessment	1,762.10
408.1.4 · Property Taxes	6,015.40
408.1.8 · Other Taxes & Fees	20.12
Total 408.1 · Taxes Other Than Income Taxes	<u>9,493.17</u>
600 · Clearing Accounts	
656 · Employee Clearing Accounts	
656.1 · Payroll Expenses	26,458.00
Total 656 · Employee Clearing Accounts	<u>26,458.00</u>
667 · Transportation Expenses	
667.1 · Vehicle Expenses	1,476.92
667.4 · Vehicle Repair & Maint.	937.60
667.5 · Vehicle Insurance/Title/Fees	1,347.62
Total 667 · Transportation Expenses	<u>3,762.14</u>
Total 600 · Clearing Accounts	<u>30,220.14</u>
Total Expense	<u>226,731.03</u>
Net Ordinary Income	(97,823.83)
Other Income/Expense	
Other Expense	
431 · Other Interest Expense	
431.2 · Interest expense - customer dep	57.92
431.4 · Interest-Note Payable	12,224.19
Total 431 · Other Interest Expense	<u>12,282.11</u>
Total Other Expense	<u>12,282.11</u>
Net Other Income	(12,282.11)
Net Income	<u><u>(110,105.94)</u></u>

11:23 AM
11/19/04
Accrual Basis

Citipower, L. L. C.
Balance Sheet
As of September 30, 2004

	Sep 30, 04	Jun 30, 04
ASSETS		
Current Assets		
Checking/Savings		
131 · Cash		
131.1 · McCreary - Operating A/C	16,767.06	122,918.85
131.2 · McCreary - Business A/C	599.55	866.15
131.5 · Centura A/C 0411790887	20,775.96	12,197.74
131.9 · Petty Cash	500.00	500.00
Total 131 · Cash	38,642.57	136,482.74
Total Checking/Savings	38,642.57	136,482.74
Accounts Receivable		
142 · Customer Accounts Receivable		
142.1 · A/R - Residential/Commercial	107,859.90	79,152.10
142.2 · A/R - Payment Plan	683.43	733.48
Total 142 · Customer Accounts Receivable	108,543.33	79,885.58
144 · Allow for Uncollectible Accts.	(21,175.00)	(19,150.00)
Total Accounts Receivable	87,368.33	60,735.58
Other Current Assets		
134 · Other Special Deposits		
134.5 · Utility Deposits	300.00	300.00
Total 134 · Other Special Deposits	300.00	300.00
143 · Other Accounts Receivable		
143.5 · Transportation Fees Receivable	6,168.55	5,597.94
Total 143 · Other Accounts Receivable	6,168.55	5,597.94
146 · A/R from Associated Companies		
146.3 · A/R - Forexco, Inc.	556,490.86	551,351.41
Total 146 · A/R from Associated Compan...	556,490.86	551,351.41
Total Other Current Assets	562,959.41	557,249.35
Total Current Assets	688,970.31	754,467.67
Fixed Assets		
101 · Gas Plant in Service (365-399)		
367.N · Pipeline Line - Steel - N	1,053,723.97	1,053,723.97
368.N · Compressor Station & Equip. - N	134,535.18	134,535.18
369 · Prison Pipeline	364,465.83	364,465.83
376.1 · Pipeline - 1" & 2"	386,662.95	386,662.95
376.3 · Pipeline - 3"	456,479.96	456,479.96
376.4 · Pipeline - 4"	1,008,793.48	1,008,793.48
376.6 · Pipeline - 6"	492,615.37	492,615.37
377 · Compressor Station & Equipment	7,160.77	7,160.77
378.1 · Reg/Odorant Station	12,474.06	12,474.06
382 · Equipment - Meters/Setup	767,580.84	767,580.84
390 · Office Building	125,000.00	125,000.00
391.1 · Office Furniture & Equipment	11,011.80	11,011.80
391.2 · Office Software	16,801.32	16,801.32
392 · Automobiles/Vehicles	75,218.62	75,218.62
396 · Equipment - DW/Other	77,985.33	77,985.33
Total 101 · Gas Plant in Service (365-399)	4,990,509.48	4,990,509.48
108 · Accumulated Depreciation	(1,940,550.91)	(1,885,050.91)

11:23 AM
11/19/04
Accrual Basis

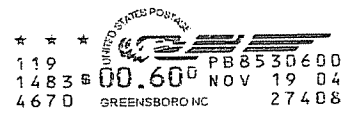
Citipower, L. L. C.
Balance Sheet
As of September 30, 2004

	Sep 30, 04	Jun 30, 04
Total Fixed Assets	3,049,958.57	3,105,458.57
Other Assets		
123 · Investment in Assoc. Companies		
123.1 · LBU, LLC investment	2,300,636.62	2,300,636.62
123.2 · Citigas, LLC investment	1,559,427.55	1,589,427.55
Total 123 · Investment in Assoc. Companies	3,860,064.17	3,890,064.17
Total Other Assets	3,860,064.17	3,890,064.17
TOTAL ASSETS	7,598,993.05	7,749,990.41
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
232 · Accounts Payable	45,288.21	68,943.36
Total Accounts Payable	45,288.21	68,943.36
Other Current Liabilities		
231 · Notes Payable		
231.1 · Note Payable - Bank of McCr...	993,173.81	993,173.81
231.2 · Line of Credit	250,000.00	250,000.00
231.6 · Note Payable - LBU	245,000.00	245,000.00
Total 231 · Notes Payable	1,488,173.81	1,488,173.81
235 · Customer Deposits	3,807.82	3,700.00
236 · Taxes Accrued		
236.2 · Sales Tax Payable	257.80	313.61
236.3 · Severance Tax Payable	0.03	0.00
236.4 · School Tax Payable	2,196.55	1,202.57
Total 236 · Taxes Accrued	2,454.38	1,516.18
237 · Interest Accrued	5,558.00	5,558.00
242 · Misc. / Other Liabilities	227.50	227.50
Total Other Current Liabilities	1,500,221.51	1,499,175.49
Total Current Liabilities	1,545,509.72	1,568,118.85
Total Liabilities	1,545,509.72	1,568,118.85
Equity		
216 · Retained Earnings	(3,389,555.62)	(3,389,555.62)
218 · Member's Capital Contributions		
218.0 · Opening Bal Equity	194.50	97.25
218.3 · Class B - Capital Contributed	8,730,760.26	8,730,760.26
218.5 · Class C - 7% Preferred	466,574.52	466,574.52
218.7 · Class D - 7% Preferred	583,686.95	583,686.95
Total 218 · Member's Capital Contributions	9,781,216.23	9,781,118.98
219 · Member's Capital Distributions		
219.3 · Class B - Distributions	(50,000.00)	(50,000.00)
219.5 · Class C - Distributions	(134,613.34)	(126,448.30)
219.7 · Class D - Distributions	(111,501.00)	(101,286.50)
Total 219 · Member's Capital Distributions	(296,114.34)	(277,734.80)
Net Income	(42,062.94)	68,043.00

11:23 AM
11/19/04
Accrual Basis

Citipower, L. L. C.
Balance Sheet
As of September 30, 2004

	Sep 30, 04	Jun 30, 04
Total Equity	6,053,483.33	6,181,871.56
TOTAL LIABILITIES & EQUITY	7,598,993.05	7,749,990.41



RECEIVED

NOV 22 2004

**PUBLIC SERVICE
COMMISSION**



2122 Enterprise Rd, Greensboro, NC 27408

BETH O'DONNELL
COMMONWEALTH OF KY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
FRANKFORT KY 40602